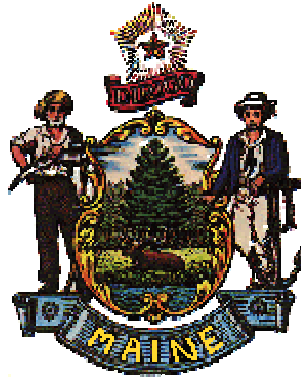


# COMPLIANCE AUDIT REPORT

## STATE OF MAINE WORKERS' COMPENSATION BOARD



**FILENE'S**  
**03/31/02**

**Monitoring, Audit & Enforcement (MAE) Division**

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# SUMMARY

The Audit Division of the Maine Workers' Compensation Board (WCB) examined 25 claim files for the period under examination (2000) to determine compliance with statutory and regulatory requirements in the following areas:

- Form filing
- Timeliness of indemnity payments
- Accuracy of indemnity payments

Our audit revealed:

Filene's is a self-insured group under the owners, the May Department Store Company. The workers' compensation coverage is self-administered with the administration located in the Eastern Regional Claim office in Baltimore MD and the Leadville office in Burlington, VT.

Of the 25 claims files audited, there were 5 "lost time" claims, 2 "medical only" claims and 18 "incident only"<sup>1</sup> claims.

- Of the five (5) "lost time" claims identified:
  - ✓ Two (2) were compensable lost time claims of which:
    - ⇒ One (1) compensable lost time claim was found to have had a WCB-9 filed timely. Per Section 313 the matter was referred to the WCB. WCB resolved this matter by contacting the injured employee to find the employee did not wish to pursue a workers' compensation claim.
    - ⇒ One (1) compensable lost time claim was found to have had a "wage continuation plan"
  - ✓ Three (3) were found to be non-compensable lost time because they have not met the waiting period.
    - ⇒ Two (2) lost time claims were not reported at the time of audit. They were found to be non-compensable lost time claims.
    - ⇒ One (1) lost time claims was reported to the board at the time of audit.

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<sup>1</sup> "Incident only" Claims incur no medical expenses and less than a day of lost time.

- The significant form filing compliance problems appear to be in the filing of the Wage Statement (WCB-2), Schedule of Dependent(s) and Filing Status Statement (WCB-2A), the Memorandum of Payment (WCB-3), the Discontinuance (WCB-4), and the Statement of Compensation Paid (WCB-11). The compliance rate for all these forms filed timely is 0%. This Division would recommend that Filene's confront this issue and develop a more effective method of obtaining the information necessary so that these forms will be filed timely.
- The form filing compliance rate for the First Report (WCB-1) is 4%. It was discovered that the Leadville office in Burlington, Vermont had the wrong address for Maine Workers Compensation Board. The problem has been corrected.
- The Memorandum of Payment (WCB-3) compliance rate is at 0%, which is below the Workers Compensation Boards' performance benchmark of 75%.
- The initial indemnity payment benefit compliance rate of 100% exceeds the Workers' Compensation Boards' performance benchmark, which is at 80%.

The Audit Division would like to thank Filene's parent company, May Department Store Company and its staff for the use of its facilities and providing the audit staff the necessary materials needed to complete the audit in a proficient manner.

## PENALTIES

### ◆ Penalties Allowed by Law (Payable to the Workers' Compensation Board)

#### 39-A M.R.S.A. Sec. 359(2)

“In addition to any other penalty assessment permitted under this Act, the board may assess civil penalties not to exceed \$10,000 upon finding, after hearing, that an employer, insurer or 3<sup>rd</sup>-party administrator for an employer has engaged in a pattern of questionable claims-handling techniques or repeated unreasonably contested claims. The board shall certify its findings to the Superintendent of Insurance, who shall take appropriate action so as to bring any such practices to a halt. This certification by the board is exempt from the provisions of the Maine Administrative Procedure Act.”

#### 39-A M.R.S.A. Sec. 360(1)(A)

“The board may assess a civil penalty not to exceed \$100 for each violation on any person: Who fails to file or complete any report or form required by this Act or rules adopted under this Act;”

- Three (3) forms were not filed (\$300.00).

#### 39-A M.R.S.A. Sec. 360(1)(B)

“The board may assess a civil penalty not to exceed \$100 for each violation on any person: Who fails to file or complete such a report or form within the time limits specified in this Act or rules adopted under this Act.”

- Two (2) forms were filed late (\$200.00).

#### 39-A M.R.S.A. Sec. 360(2)

“The board may assess, after hearing, a civil penalty in an amount not to exceed \$1,000 for an individual and \$10,000 for a corporation, partnership or other legal entity for any willful violation of this Act, fraud or intentional misrepresentation. The board may also require that person to repay any compensation received through a violation of this act, fraud or intentional misrepresentation or to pay any compensation withheld through a violation of this Act, fraud or misrepresentation, with interest at the rate of 10% per year.

## INDEMNITY BENEFITS

### A. Prompt Initial Payment of Benefits

			2000	
			Number	Percent
Check Mailed Within:				
0-14	Days	<b>Compliant</b>	1	100%
Total Due			1	100%

### B. Prompt Subsequent Payment of Benefits

			2000	
			Number	Percent
Check Mailed Within:				
0-7	Days	<b>Compliant</b>	7	100%
Total Due			7	100%

### C. Accuracy of Average Weekly Wage

			2000	
			Number	Percent
Calculated:				
Correct		<b>Compliant</b>	1	100%
Total			1	100%

### D. Accuracy of Weekly Benefit Rate

			2000	
			Number	Percent
Calculated:				
Correct		<b>Compliant</b>	0	0%
Incorrect			1	100%
Total			1	100%

# FORM FILING

(03/21/02)

## A. First Report (WCB-1)

		2000	
		Number	Percent
Filed	<b>Compliant</b>	1	4%
Filed Late		2	8%
Note Filed		2	8%
Not Required		20	80%
Total		25	100%

## B. Wage Statement (WCB-2)

		2000	
		Number	Percent
Received at the Board:			
Filed	<b>Compliant</b>	0	0%
Filed Late		1	100%
Total		1	100%

## C. Schedule of Dependent(s) and Filing Status Statement (WCB-2A)

		2000	
		Number	Percent
Received at the Board:			
Filed	<b>Compliant</b>	0	0%
Filed Late		1	100%
Total		1	100%

## D. Memorandum of Payment (WCB-3)

		2000	
		Number	Percent
Received at the Board:			
Filed	<b>Compliant</b>	0	0%
Filed Late		1	100%
Total		1	100%

**FORM FILING (Continued)**  
(03/21/02)

**E. Discontinuance or Modification (WCB-4)**

		<b>2000</b>	
		Number	Percent
Received at the Board:			
Filed	<b>Compliant</b>	0	0%
Filed Late		1	100%
Total		1	100%

**F. Notice of Controversy (WCB-9)**

		<b>2000</b>	
		Number	Percent
Received at the Board:			
Filed	<b>Compliant</b>	1	100%
Filed Late		0	0%
Total		1	100%

**G. Statement of Compensation Paid (WCB-11)**

		<b>2000</b>	
		Number	Percent
Received at the Board:			
Filed	<b>Compliant</b>	0	0%
Not Filed		1	100%
Total		1	100%